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TO RUEHC/SECSTATE WASHINGTON DC IMMEDIATE  
INFO GULF COOPERATION COUNCIL COLLECTIVE  
RUEHMS/AMEMBASSY MUSCAT

C O N F I D E N T I A L MUSCAT 000405

SIPDIS

E.O. 12958: DECL: 2019/05/06

TAGS: [EPET](#) [PREL](#) [IR](#) [MU](#)

SUBJECT: IRAN-OMAN GAS DEAL OFF AGAIN, WAS IT EVER ON?

REF: MUSCAT 45

CLASSIFIED BY: L. Victor Hurtado, DCM; REASON: 1.4(B), (D)

[11](#). (U) Reuters reported May 6 that Oman will delay by at least a year a joint venture with Iran to develop the Kish gas field due to tight finances. The report cited an Omani industry source involved in the project. According to this source, "The production from the Kish gas field will not happen in 2012 as planned. The uncertainty of the global financial crunch has forced Oman to put the project on hold for a year."

[12](#). (U) The story notes that Oman's oil and gas minister said last year the financial crisis would likely impact the country's energy projects and cause delays. The project to develop the Iranian gas field has a price tag of up to \$12bn that Oman had agreed to fund fully.

[13](#). (U) An Omani energy official said last year the Kish development was expected to be signed off in December 2008 and that the project would be wholly funded by Oman. According to Reuters, 200 km undersea pipeline from the field would run from Musandam, near the strategic Strait of Hormuz, to Sohar in Oman. Phase one of the project would transport gas to Oman at a rate of 1 billion cubic feet per day (cfd), later rising to 3 billion cfd.

[14](#). (C) Comment: Muscat's Oil Gas Minister al-Rumhi evinced great skepticism last January (reftel) that negotiations on this project would be concluded any time soon, noting great frustration in negotiations with Tehran. That said, the Minister explained that the deal was "necessary and inevitable" as Oman did not have sufficient gas to meet internal requirements and after having been turned down by Qatar and Saudi Arabia. End Comment.  
GRAPPO